

EXAMINATION REPORT
OF
CHRISTIANA CARE HEALTH PLANS, INC.
AS OF
DECEMBER 31, 2019

Office of the
Commissioner



Delaware
Department of Insurance

REPORT ON EXAMINATION
OF
CHRISTIANA CARE HEALTH PLANS, INC.
AS OF
DECEMBER 31, 2019

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in blue ink, reading "Trinidad Navarro".

Trinidad Navarro
Insurance Commissioner

Dated this 25 day of February, 2021

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November 19, 2020

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 20.032, dated March 31, 2020, an examination has been made of the affairs, financial condition and management of

CHRISTIANA CARE HEALTH PLANS, INC.

hereinafter referred to as the Company or CCHP and incorporated under the laws of the State of Delaware as a non-stock, non-profit company with its registered office located at 4000 Nexus Drive, Suite Avenue North, Suite NW3-100, Wilmington, Delaware, 19803. The examination was conducted remotely. The Company maintains administrative offices located at 4000 Nexus Drive, Suite Avenue North, Suite NW3-100, Wilmington, Delaware, 19803. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed a single state examination of CCHP. The last examination was conducted as of December 31, 2016, by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2017 through December 31, 2019. We conducted

our examination in accordance with the *National Association of Insurance Commissioners* (NAIC) *Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was formed in January 1994 as MCD Health Services Corporation, which was established as a membership corporation. The Company commenced operations on January 1, 1996 and operated as a non-profit Limited Health Services Corporation. CCHP files a tax return under Section 501c (4) of the Internal Revenue Code. The Company's current name was adopted in 1997.

In 1996, CCHP took control of the Delaware Health Plan Consortium, Inc. (DHPC). Effective December 31, 1998 DHPC discontinued offering health benefit plans in the State of Delaware and in 2005 DHPC was dissolved.

While CCHP was in operation, the Company consisted of Mid-Atlantic Health Plan (MAHP) and First State Health Plan (FSHP). MAHP provided health care coverage to employer groups and third party administrative services to self-insured employer groups. FSHP provided health care coverage to Medicaid recipients in the State of Delaware under a contract with the Delaware Department of Health and Social Services. Effective July 1, 2002, CCHP became the sole Medicaid managed care underwriter in the State of Delaware, which resulted in total membership of approximately 88,000.

In February 2004, CCHP elected not to submit a proposal to the State of Delaware to renew the Medicaid contract. The Company continued to insure the Medicaid population through June 30, 2004.

On February 5, 2005, CCHP and BCBSD Inc. (BCBSD) entered into an Asset Purchase Agreement to sell all member health insured plans and contracts issued and administered by CCHP, all physical electronic records, claims data and all intellectual property. CCHP received a consideration of \$3,000,000 under this agreement. The Department approved the sale on May 4,

2005 and the agreement was executed May 15, 2005. Concurrent with the Asset Purchase Agreement, the Company and BCBSD entered into an Assumption Reinsurance Treaty whereby, effective May 16, 2005, BCBSD assumed 100% of the Company's obligations and liabilities for the business noted above. CCHP provided support to BCBSD for the processing and transition of members converting to BCBSD; this support ended December 31, 2006.

Capitalization

The Company's Sole Member was reported as Christiana Care Corporation until 2005. During 2005, the Company's Sole Member changed its legal name to Christiana Care Health System (CCHS) and the Company reported the Sole Member as such beginning with the March 31, 2006 Quarterly Statement. No changes were noted during the current examination period.

The Company is not authorized to issue common stock. Changes in capitalization are highlighted in the financial section of the report.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends during the exam period.

MANAGEMENT AND CONTROL

Directors

Pursuant to the general Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by or under the direction of its Board. The Board shall consist of at least three members and subject to a maximum of three members.

Each Director is elected annually by the Sole Member and holds office until a successor is elected and qualified, or until earlier resignation or removal.

Directors duly elected and serving as of December 31, 2019, are as follows:

<u>Name</u>	<u>Title</u>
Robert W. McMurray, Chairman	CFO, CCHS
Jennifer Schwartz	Chief Strategy Officer and General Counsel, CCHS
Barry J. Dahllof Jr.	VP- Enterprise Contracting and Payor Relations CCHS

Officers

The bylaws of the Company state the principal officers shall be a Chairperson, Secretary, and Treasurer. The Board may choose other officers with such titles and duties as deemed necessary. The officers serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Robert W. McMurray	Chairperson
Jennifer Schwartz	Secretary
Barry J. Dahllof Jr.	Treasurer

Corporate Records

The recorded minutes of the Sole Member and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events.

Insurance Holding Company System

The Company is not a member of an Insurance Holding Company System as defined under Chapter 50 of the Delaware Insurance Code. The Company is owned by its Sole Member CCHS. Through this ownership, CCHP is associated with three providers under CCHS: Christiana Health Services Inc.; Christiana Care Health Initiative, Inc. and Christians Care Home & Health Community Services, Inc.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in Delaware only. Effective May 15, 2005, CCHP ceased operations and became responsible only for claims that had occurred at or prior to that date. Claims occurring after May 15, 2005 became the responsibility of BCBSD. The Company intends to maintain its Certificate of Authority with the Department for the possibility of re-entering the insurance market at some point. Currently management has no plans to reactivate the Company.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2019
- Statement of Liabilities, Capital and Surplus as of December 31, 2019
- Statement of Revenue and Expenses for the year ended December 31, 2019
- Reconciliation of Gross paid in and Contributed Surplus and Surplus for the Period from the Prior Examination as of December 31, 2016 to December 31, 2019

Assets
As of December 31, 2019

	<u>Assets</u>	<u>Non Admitted Assets</u>	<u>Net Admitted Assets</u>
Cash	<u>\$ 71,820</u>		<u>\$ 71,820</u>
Subtotal cash and invested assets	<u>71,820</u>		<u>71,820</u>
Total Assets	<u><u>\$ 71,820</u></u>		<u><u>\$ 71,820</u></u>

**Statement of Liabilities, Capital and Surplus
As of December 31, 2019**

	<u>Covered</u>	<u>Uncovered</u>	<u>Total</u>
General expenses due or accrued	\$ 3,103	\$ -	\$ 3,103
Total liabilities	\$ 3,103		\$ 3,103
 Gross paid in and contributed surplus	 XXXXXX	 XXXXXX	 59,125,000
Unassigned funds (surplus)	XXXXXX	XXXXXX	(59,056,283)
Surplus as regards policyholders	XXXXXX	XXXXXX	\$ 68,717
Totals	XXXXXX	XXXXXX	\$ 71,820

**Statement of Revenue and Expenses
For the Year Ended December 31, 2019**

	<u>Uncovered</u>	<u>Total</u>
General Administrative expenses	\$ -	<u>\$ 12,769</u>
Total Underwriting deductions		<u>12,769</u>
Net Underwriting gain or (loss)		<u>(12,769)</u>
Net Income or (Loss) after capital gains and before all other income taxes		<u>(12,769)</u>
Net Income (Loss)		<u><u>\$ (12,769)</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2016 to December 31, 2019

		Gross paid in Capital	Unassigned Funds	Total Surplus
12/31/2016		\$ 59,075,000	\$ (59,017,424)	\$ 57,576
12/31/2017	1		(8,651)	(8,651)
12/31/2018	1		(17,467)	(17,467)
12/31/2019	2	50,000		50,000
12/31/2019	1		(12,741)	(12,741)
		<u>\$ 59,125,000</u>	<u>\$ (59,056,283)</u>	<u>\$ 68,717</u>

1 Represents net income, change in unrealized capital gains(losses), change in unrealized foreign exchange gains(losses), change in net deferred income tax, change in non-admitted assets, change in reinsurance for unauthorized and certified reinsurers, change in asset valuation reserves.

2. Sole member contributions

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the Financial Statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

There were no comments made to the Financial Statements as a result of this Examination

SUBSEQUENT EVENTS

No material subsequent events were noted.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

The assistance and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

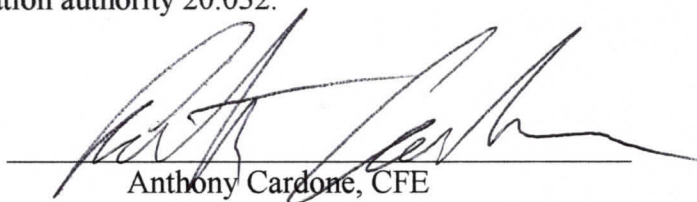
A handwritten signature in black ink, appearing to read "Anthony C. Cardone", with a long horizontal flourish extending to the right.

Anthony Cardone, CFE
Examiner In-Charge
State of Delaware

A handwritten signature in black ink, appearing to read "Ann Pruett", with a long horizontal flourish extending to the right.

Ann Pruett, CFE
Supervising Examiner
State of Delaware

I, Anthony Cardone, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 20.032.



Anthony Cardone, CFE